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CITY OF FARMINGTON

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January 21, 2011

Mr. Shannon Fitzgerald
International Brotherhood of Electric Workers
605 North Cochiti
Farmington, NM 87401

Dear Mr. Fitzgerald:

I appreciate the time you took to meet with me on January 12, 2011; it was very helpful in increasing my understanding of the situation. While this is not set in stone, I am proposing the following resolutions to the specific issues you raised.

As we discussed in our meeting, I would like to reiterate how important it is for us to hire a fully qualified operator with gas combined cycle facility experience. The City's electric utility has an investment of over \$100,000,000 in generation facilities and an obligation to manage risk for the economic impact and reliability of service to its customers should any of those facilities be damaged due to inexperienced personnel. The electric utility is also facing a number of operator retirements in the next few years and it is therefore, incumbent upon us to have well experienced gas combined-cycle operators on staff.

I fully comprehend Ms. Garcia is an experienced coal-fired power plant operator and that operating such a facility takes understanding of the complexities of how coal fired plants operate; as you are aware, there are many differences between coal-fired plants and gas-fired facilities even though there may be many similarities. There are actually differences between the Animas power plant and the Bluffview plant and obviously many differences between those facilities and the Navajo hydroelectric facility which the Operator is also required to operate. An Operations Technician I must understand and be able to operate these facilities by themselves on shift without the presence or assistance of other personnel on site.

Hence, it is our intent to continue our search for another ninety days for an experienced gas combined-cycle Operations Technician I. At the end of the ninety days, should we not be successful in our search for a gas combined-cycle qualified Operations Technician I, the posting will be taken down. We anticipate having an Operations Technician Trainee II by that time and it would be our intention to re-post the Operations Technician I position internally to the Generation Division only.

As it pertains to the other issues in your letter and discussed during our meeting, as you are aware, we have and continue to make efforts to improve the work environment at the plant sites. The bathrooms at the plants are equipped with locks and we will ensure they remain that way. Diversity, sexual harassment and retaliation training was provided to all power plant personnel

OFFICE of the CITY MANAGER

EXHIBIT

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including management in October by an outside consulting firm and the City does not and will not condone any such behaviors.

I will give recognition to Ms. Garcia's perception that she believes she has been directed to perform more menial tasks than her co-worker Trainee. To ensure this does not happen, Mr. Sims is developing a work schedule identifying responsibilities for those types of activities at the plant so it does not appear that these tasks are primarily directed to Ms. Garcia.

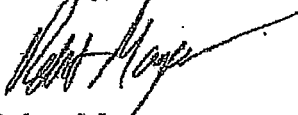
As it relates to the tests being available by the time Ms. Garcia will be eligible to take the test for Operations Technician Trainee II on April 1, 2011, please understand that the requirement for validated tests came from me. I am requiring all departments throughout the City to use validated tests. These tests should also be seen as a risk management tool by removing the potential for claims of disparate testing treatment and potential lawsuits. Having discussed the availability of the test with Human Resources and Generation, I am comforted in knowing the tests will be available by that date.

I am hopeful that with this potential opportunity presenting itself to promote to Operations Technician I in three months, Ms. Garcia will consider withdrawing her grievance and EEOC complaint should the EEOC allow. Should the outcome not be to her satisfaction, she will have the opportunity to file a new grievance and EEOC claim.

The other issue I would like to address is the tape recording of the interviews that were held with power plant operations staff and some of the maintenance personnel. Since the recording deals with a personnel issue, New Mexico state law does allow the City to maintain the confidentiality of those personnel interviewed which is why in Step 3, we offered to allow you to interview the same personnel interviewed by the City and which you have since started to interview. This is your opportunity to obtain, hopefully, the same information obtained by the City.

I hope I have addressed Ms. Garcia's concerns and that you both realize our sincerity in trying to resolve some of these issues and our responsibility to our customers to manage risk not only to equipment but to and for our employees. We have always had a good working relationship with the IBEW and will endeavor to maintain that. Please call Lisa Hutchens (599-1157) at your earliest convenience to schedule a follow-up meeting to discuss this proposal.

Sincerely,



Robert Mayes
City Manager

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Maude Grantham-Richards
Mike Sims